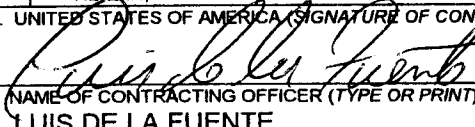


SOLICITATION/CONTRACT/ORDER OR COMMERCIAL ITEMS OFFEROR TO COMPLETE BLOCKS 12, 17, 23, 24, & 30				1. REQUIRED ORDER NUMBER X00244-9012-3012		PAGE 1 OF 6	
2. CONTRACT NO. N00244-99-D-5078		3. AWARD EFFECTIVE DATE 99 JUNE 08		4. ORDER NUMBER		5. SOLICITATION NUMBER	
7. FOR SOLICITATION INFORMATION CALL:		a. NAME		b. TELEPHONE NUMBER (No collect calls)		8. OFFER DUE DATE/	
9. ISSUED BY Fleet and Industrial Supply Center Regional Contracts Department, Code 2405/L. De La Fuente 33.7 North Harbor Drive San Diego, CA 92132-0060 (619) 532-2888				CODE N00244		10. THIS ACQUISITION IS <input type="checkbox"/> UNRESTRICTED <input type="checkbox"/> SET ASIDE: %FOR <input type="checkbox"/> SMALL BUSINESS <input type="checkbox"/> SMALL DISADV. BUSINESS <input type="checkbox"/> 8(A) SIC: SIZE STANDARD:	
DUPLICATE ORIGINAL				11. DELIVERY FOR FOB DESTINATION UNLESS BLOCK IS MARKED <input type="checkbox"/> SEE SCHEDULE		12. DISCOUNT TERMS 2% 10 Days Net 30	
				13a. THIS CONTRACT IS A RATED ORDER UNDER DPAS (15 CFR 700) <input type="checkbox"/>		13b. RATING DO	
				14. METHOD OF SOLICITATION <input type="checkbox"/> RFQ <input type="checkbox"/> IFB <input type="checkbox"/> RFP			
15. DELIVER TO As specified on each Individual Delivery Order				CODE 00244		16. ADMINISTERED BY Fleet and Industrial Supply Center Regional Contracts Dept., Code 2414/N. Tavares 937 North Harbor Dr., San Diego, CA 92132-0060	
17a. CONTRACTOR/OFFEROR Duplan Industries DBA Gilbert Machine and Manufacturing 1265 Stone Drive San Marcos, CA 92069 CEC: 00-823-2175				CODE 45784		18a. PAYMENT WILL BE MADE BY As specified on each Individual Delivery Order	
17b. CHECK IF REMITTANCE IS DIFFERENT AND PUT SUCH ADDRESS IN OFFER <input type="checkbox"/>				18b. SUBMIT INVOICES TO ADDRESS SHOWN IN BLOCK 18a UNLESS BLOCK BELOW IS CHECKED. <input type="checkbox"/> SEE ADDENDUM			
19. ITEM NO.		20. SCHEDULE OF SUPPLIES/SERVICES		21. QUANTITY		22. UNIT	
						23. UNIT PRICE	
						24. AMOUNT	
The proposal of Gilbert Machine & Manufacturing dated 08 Apr 99, submitted in response to REP N00244-99-R-0163, inclusive of Amendments 0001 and 0002, is incorporated and hereby made a part of the contract.							
The options, if exercised, shall be at the prices set forth herein.							
25. ACCOUNTING AND APPROPRIATION DATA As specified on each individual Delivery Order						26. TOTAL AWARD AMOUNT (For Govt. Use Only) \$464,647.57	
<input type="checkbox"/> 27a. SOLICITATION INCORPORATES BY REFERENCE FAR 52.212-1, 52.212-4. FAR 52.212-3 AND 52.212-5 ARE ATTACHED. ADDENDA <input type="checkbox"/> ARE <input type="checkbox"/> ARE NOT ATTACHED. <input type="checkbox"/> 27b. CONTRACT/PURCHASE ORDER INCORPORATES BY REFERENCE FAR 52.212-4. FAR 52.212-5 IS ATTACHED. ADDENDA <input type="checkbox"/> ARE <input type="checkbox"/> ARE NOT ATTACHED.							
28. CONTRACTOR IS REQUIRED TO SIGN THIS DOCUMENT AND RETURN ____ COPIES TO <input type="checkbox"/> ISSUING OFFICE. CONTRACTOR AGREES TO FURNISH AND DELIVER ALL ITEMS SET FORTH OR OTHERWISE IDENTIFIED ABOVE AND ON ANY ADDITIONAL SHEETS SUBJECT TO THE TERMS AND CONDITIONS SPECIFIED HEREIN.				29. AWARD OF CONTRACT: REFERENCE your OFFER <input type="checkbox"/> DATED 04/08/99 . YOUR OFFER ON SOLICITATION (BLOCK INCLUDING ANY ADDITIONS OR CHANGES WHICH ARE SET FORTH HEREIN, IS ACCEPTED AS TO ITEMS:			
30a. SIGNATURE OF OFFEROR/CONTRACTOR				31a. UNITED STATES OF AMERICA (SIGNATURE OF CONTRACTING OFFICER) 			
30b. NAME AND TITLE OF SIGNER (TYPE OR PRINT)		30c. DATED SIGNED		31b. NAME OF CONTRACTING OFFICER (TYPE OR PRINT) LUIS DE LA FUENTE		31c. DATE SIGNED 6-8-99	
32a. QUANTITY IN COLUMN 21 HAS BEEN <input type="checkbox"/> RECEIVED <input type="checkbox"/> INSPECTED <input type="checkbox"/> ACCEPTED, AND CONFORMS TO THE CONTRACT, EXCEPT AS NOTED				33. SHIP NUMBER <input type="checkbox"/> PARTIAL <input type="checkbox"/> FINAL		34. VOUCHER NUMBER	
32b. SIGNATURE OF AUTHORIZED GOVT. REPRESENTATIVE				36. PAYMENT <input type="checkbox"/> COMPLETE <input type="checkbox"/> PARTIAL <input type="checkbox"/> FINAL		37. CHECK NUMBER	
				38. S/R ACCOUNT NUMBER		39. S/R VOUCHER NUMBER	
41a. I CERTIFY THIS ACCOUNT IS CORRECT AND PROPER FOR PAYMENT				42a. RECEIVED BY (Print)		40. PAID BY	
41b. SIGNATURE AND TITLE OF CERTIFYING OFFICER				42b. RECEIVED AT (Location)			
41c. DATE				42c. DATE REC'D (YY/MM/DD)		42d. TOTAL CONTAINERS	

II. THE FOLLOWING INFORMATION REPLACES SF 1449, BLOCKS 19 - 24 :

NOTE: For a complete description of item, the contractor may cross reference NIIN numbers listed on pages 3 and 4 with identical NIIN numbers listed on Attachment (1) (diskette).

ITEM NUMBER 0001 - BASE YEAR

BUSHING PRICE SHEET						
Please fill in the blanks below for the items that your company can provide:						
FSC = Federal Supply Class						
NIIN = National Item Identification Number						
UI = Unit of Issue						
QTY = Quantity						
UP = Unit Price						
Total = UP x QTY						
EDD = Estimated # of Delivery Days						
FSC	NIIN	UI	QTY	UP	TOTAL	EDD
3120	014164977	EA	3662	\$5.00	\$18,310.00	45
3120	010375391	EA	3034	\$3.97	\$12,044.98	45
3120	014164979	EA	2526	\$5.30	\$13,387.80	45
3120	014164974	EA	2126	\$5.45	\$11,586.70	45
3120	014164973	EA	1366	\$5.90	\$8,059.40	45
3120	014164972	EA	1194	\$6.60	\$7,880.40	45
3120	008096683	EA	751	\$18.20	\$13,668.20	45
3120	012139542	EA	714	\$19.00	\$13,566.00	45
3120	007817288	EA	651	\$31.17	\$20,291.67	45
3120	014164980	EA	573	\$6.90	\$3,953.70	45
3120	013612977	EA	564	\$129.27	\$72,908.28	45
3120	014164978	EA	421	\$11.00	\$4,631.00	45
3120	000052199	EA	403	\$35.23	\$14,197.69	45
3120	010639810	EA	368	\$11.08	\$4,077.44	45
3120	000424969	EA	309	\$129.77	\$40,098.93	45
3120	012666474	EA	291	\$2.07	\$602.37	45
3120	008234664	EA	255	\$50.56	\$12,892.80	45
3120	001108922	EA	210	\$6.79	\$1,425.90	45

FSC	NIIN	UI	QTY	UP	TOTAL	EDD
3120	010978113	EA	203	\$1.29	\$261.87	45
3120	009577910	EA	200	\$0.81	\$162.00	45
3120	005055304	EA	189	\$162.17	\$30,650.13	45
3120	009746591	EA	183	\$87.66	\$16,041.78	45
3120	011852103	EA	177	\$225.58	\$39,927.66	45
3120	010404863	EA	175	\$18.22	\$3,188.50	45
3120	001134759	EA	170	\$78.99	\$13,428.30	45
3120	002948657	EA	150	\$5.68	\$852.00	45
3120	011041108	EA	149	\$0.71	\$105.79	45
3120	001108874	EA	130	\$2.44	\$317.20	45
3120	004725157	EA	130	\$19.30	\$2,509.00	45
3120	000120635	EA	102	\$0.35	\$35.70	45
3120	011066753	EA	102	\$1.19	\$121.38	45
3120	001763833	EA	100	\$278.00	\$27,800.00	45
3120	011472527	EA	100	\$14.31	\$1,431.00	45
3120	012120183	EA	100	\$153.82	\$15,382.00	45
3120	011425357	EA	93	\$36.12	\$3,359.16	45
3120	010631811	EA	91	\$22.44	\$2,042.04	45
3120	011386395	EA	85	\$7.81	\$663.85	45
3120	000914679	EA	84	\$1.00	\$84.00	45
3120	001048256	EA	80	\$38.83	\$3,106.40	45
3120	003047755	EA	78	\$30.81	\$2,403.18	45
3120	008096344	EA	73	\$0.41	\$29.93	45
3120	013216710	EA	72	\$9.95	\$716.40	45
3120	005020708	EA	65	\$229.42	\$14,912.30	45
3120	013216712	EA	62	\$21.32	\$1,321.84	45
3120	011107970	EA	60	\$21.32	\$1,279.20	45
3120	000431476	EA	56	\$17.20	\$963.20	45
3120	011648127	EA	56	\$37.89	\$2,121.84	45
3120	013216716	EA	52	\$94.58	\$4,918.16	45
3120	011102469	EA	50	\$18.57	\$928.50	45
				Total:	\$464,647.57	

ITEM NUMBER 0002 - OPTION YEAR ONE

ITEM NUMBER 0003 - OPTION YEAR TWO

ITEM NUMBER 0004 - OPTION YEAR THREE

ITEM NUMBER 0005 - OPTION YEAR FOUR

NOTE 1: *For evaluation purposes*, for option years 1 through 4, the government will multiply the base year total dollar amount (for the line items provided on pages 3 and 4 of this document) by five (5), which will equate to the total dollar amount of a base year with four, 1-year option periods (See 52.212 EVALUATION OF COMMERCIAL ITEMS, paragraph (d), page 45).

NOTE 2: In addition to completing the attached spread sheets on pages 3 and 4 of this document, **offerors are required to indicate on Attachment (1) (diskette) which line items they can or cannot provide under the terms and conditions of this solicitation by checking the appropriate box ("yes" or "no") by each item.** Attachment (1) shall be returned with the offer for evaluation purposes (See 52.212 EVALUATION OF COMMERCIAL ITEMS, paragraph (b), page 45).

III. BLOCK 25 OF SF 1449 IS COMPLETED AS FOLLOWS:**STATEMENT of WORK****1. SCOPE**

The Fleet and Industrial Supply Center, San Diego (FISC-SD) is seeking to establish an Indefinite Delivery Indefinite Quantity contract (IDTQ) for the commodities specified. The contractor shall provide a wide array of bushings and associated supplies as described, but not limited to, the contract's item description section. This contract is designed to use the Government Credit Card as the primary method of payment. This contract is being created primarily for FISC-SD and its customers, but it is also open for use by any activity in the San Diego region. The specifications, service, and delivery requirements are defined in this Statement of Work.

1.1 Background

The purpose of the Direct Vendor Delivery (DVD) program and this contract is to improve supply system service to our customers while reducing the cost of supply system operations. This improved logistical support will take place by seeking innovative, state of the art private sector companies who focus on customer satisfaction as their primary measurement of success. FISC-SD is seeking to improve the availability, quality and delivery times of commercially available commodities to our customers. At the same time we will be reducing the burden on our warehouse and transportation systems. The ultimate effect is to support our customers more efficiently while saving taxpayer dollars by reducing the supply system infrastructure.

Our intent is to create a commodity contract initially for one customer and then add our other sites, as we deem appropriate, after the contract is in place and operational. FISC-SD currently has multiple customers and is actively pursuing more. Therefore, the potential for this contract expanding in volume is highly probable. The total number of sites actively participating in the use of this contract is not known. Active use of this contract will largely be determined by the ability of the vendor chosen to provide the items required and the vendors ability to market their services to regional customers. All efforts to expand this contract to other sites must be coordinated through the COR.

1.2 Applicable Documents

Attachment (1) - Description of Items
Attachment (2) - Item Price Sheet
Attachment (3) - List of Authorized Ordering Officers *
Attachment (4) - List of Delivery Destination/Receiving points *
Attachment (5) - Memorandum for Record (re: 2276 Funding Document)

* These attachments will be added after contract award and modified as necessary throughout the life of the contract.

2. REQUIREMENTS

2.1 The contractor will provide and deliver all items ordered with the Federal Supply Class (FSC) of 3120. A partial list of items has been provided in the item description list and the item price sheet in Attachments (1) & (2). This contract is not limited to the items specified in Attachment (1). This contract shall also cover items similar to those listed in Attachment (1) that do not have an NSN assigned, but fall within the commodity class of this contract.

2.1.1 Item Catalog

The contract item catalog will list current prices for high volume items (as listed in Attachment (2)) for FISC-SD and its customers. If the vendor already maintains a retail product catalog, then a proposed commodity discount on the retail price of items will serve as the price for FISC-SD and its customers. This catalog constitutes the basic pricing for the contract. The contractor is required to provide the catalog data either through Electronic Data Interchange (EDI), via the World Wide Web, or by providing a copy on disk, whichever is specified by FISC-SD or our customers.

2.1.1.1 Price Changes

The prices listed in the item price sheet shall remain valid for the first year of the contract. If an option year is awarded then the vendor will submit a new item price sheet. The vendor will have the opportunity to update the catalog prices on either a semi-annual or a quarterly basis to account for changing market conditions. The frequency of catalog updates will be determined during contract negotiations/award period. A memorandum of justification, to be submitted to the Procuring Contracting Officer (PCO) with a copy to the Contracting Officer's Representative (COR), is required if the price changes are higher than the rate of inflation. The current retail price is the advertised price that is offered to the general public.

2.1.1.2 Price Verification and Comparison

By submitting the semi-annual or quarterly updates on retail prices the contractor is certifying that the prices are accurate. The Government has the right to compare any prices submitted by the contractor against Navy stock prices and other vendors' prices. If the submitted prices are significantly higher, greater than 10%, than any other source then the Government has the right to utilize the other source for those items. To verify or justify price data submitted to FISC-SD or its customers the contractor, upon request from the PCO or COR, shall furnish cost breakdowns, invoices, and other related support material from their manufacturers or distributors.

2.1.2 Ordering Hours

The contractor will maintain hours of operation that, as a minimum, coincide with those of FISC-SD and its' partner sites. The current FISC-SD core hours of operation are from 07:00 to 16:00, Monday through Friday. The contractor will be required to provide, and keep current, a list of phone numbers and points of contact to facilitate order placement.

2.2 Order Process and Packaging

2.2.1 Ordering Officers

All orders will be placed by one of the designated FISC Ordering Officers (see Attachment (2)) and need to be delivered within the time requirements of this contract. The Ordering Officers are responsible for issuing all Delivery Orders (DOs) under this contract. The Ordering Officers will be designated and trained by the Government. Under the scope of this contract, Ordering Officers are permitted to negotiate changes to DOs only, and have no authority to modify any provision of the basic contract. Ordering Officers may enter into mutual, no-cost cancellations of individual DOs under this contract and may reduce the quantity, or authorize a partial shipment of DOs. Any requests for deviation from the terms and conditions of the contract shall be submitted to the Procurement Contracting Officer (PCO) for contractual action. Only the PCO can modify the terms of the contract.

2.2.2 Ordering Process

Purchases, which are referred to as DOs, will be placed by FISC-SD Ordering Officers and received by the contractor utilizing some type of Electronic Data Interchange (EDI) method or by FAX (at the option of FISC-SD). The exact method of EDI transmission to be utilized is as yet to be determined by FISC-

SD, but will be required to be used by the contractor upon system determination. At a minimum, the contractor must have the ability to access the Internet and be able to receive E-mail. It is the vendors responsibility to be able to read and understand National Stock Numbers (NSN) as supplied by the customer, and cross those numbers over to standard part numbers if necessary.

2.2.3 Shipments

Each delivery order will be consolidated into a single package, when feasible, and clearly marked with the Delivery Order number. If multiple packages are necessary then each package will be marked with all relevant shipping information to include the Delivery Order number and number of total packages in the shipment. Each package will have a Delivery Order label that describes the contents and value of the package, along with the delivery destination.

2.2.4 Partial Shipments and Substitutions

2.2.4.1 Partial Shipments

Partial shipments or shipments that are delivered short of all items ordered, or left in an "open" status pending shipment of the balance, are not permitted unless authorized by the Ordering Officer at the time the order is placed. The contractor shall notify the Ordering Officer in a timely manner when the entire quantity ordered cannot be provided. If the Ordering Officer indicates acceptance of a decreased quantity shipment, the contractor is authorized to ship the decreased quantity. The contractor will then line out the original quantity ordered and the corresponding value on the Delivery Order label and annotate the new quantity and value before affixing the label to the package. A duplicate Delivery Order label must be annotated with the same information as above and the name of the Ordering Officer with the date of approval of the partial shipment. Under no circumstances will payment for quantities in excess of the quantities stated on any Delivery Order be authorized. Over shipments will be treated in accordance with Federal Acquisition Regulation clause 52.211 - 17 "Delivery of Excess Quantities" - September 1989.

2.2.4.2 Substitutions

The contractor shall notify the Ordering Officer by phone of intent to offer a substitute item. (For purposes of this contract a substitute item is defined as an alternate item that meets or exceeds the form, fit, function, and quality requirements of the original item ordered). Non-American made

products constitutes a substitution and must be authorized by the Ordering Officer. If authorized, any non-American made products must come with a material specifications and/or material composition certification from the manufacturer. If the Ordering Officer indicates acceptance of the substitute item for delivery, the contractor shall line out the original part number, value, and description on the Delivery Order label and annotate the substitute information, if different, before affixing the Delivery Order label to the package. However, if the corresponding price of the substitute item is GREATER than the price of the original item, the contractor shall reduce the price of the substitute to that of the original item ordered.

2.2.4.2.1 Receiving Substitutions

FISC-SD and its Partners/Customers reserve the right to return any substituted items that, after customer receipt, has been determined to be "not acceptable" or has been provided by the contractor without prior approval of the Ordering Officer at no cost to FISC-SD or its partner sites.

3.0 DELIVERY

3.1 Normal Delivery Period

The normal delivery period under this contract is to be five (45) working days from the date ordered. The contractor shall deliver the items ordered to the designated receiving area within forty-five working days of the order date. Under no circumstances will the items be delivered after the normal delivery period unless pre-approved by the Ordering Officer. If delivery of the items will exceed the normal delivery period, then the Government reserves the right to purchase the items from another vendor.

3.2 Emergent Delivery Period

Emergent deliveries imply delivery within 30 days from the time the order is placed. When items are needed to fill an urgent Government requirement, the Government reserves the right to purchase the emergent need from another vendor if the contractor cannot meet the required emergent delivery schedule.

3.3 Time of Delivery

The contractor shall deliver all items under this contract during the normal workday of our customer site(s), between the hours of 0700 and 1600 local time unless our customer site has approved another pre-determined schedule. Items whose delivery falls on a weekend or holiday shall be delivered on the following workday. A "delivery window" may be established for

each site after the contract is awarded if it is determined to be mutually beneficial to the Government and the contractor.

3.3.1 Noncompliance of Delivery Schedule

The contractor shall assume full responsibility for any orders that have to be canceled due to noncompliance with the delivery requirements. The contractor will notify the Ordering Officer immediately by phone if unable to meet the delivery schedule.

3.4 Place of Delivery (FOB Destination)

The contractor shall transport and deliver all items furnished under this contract expense (FOB destination). Direct delivery to the Ordering Officer is strictly prohibited. The Delivery Orders will specify the delivery destination/receiving point.

3.5 Unloading of Shipments

The contractor will coordinate with the Ordering Officer all manpower and equipment needed for the purpose of unloading the shipment no later than 24 hours prior to delivery.

4.0 CANCELLATION AND MATERIAL RETURNS

4.1 Contractor Cancellations

Within twenty-four hours after receipt of an order, the contractor shall notify the Ordering Officer by phone if he/she is unable to fill an order.

4.2 Ordering Officer Cancellations

The Ordering Officer can cancel a DO up to the point when the contractor loads the full order. The contractor will acknowledge the cancellation request by not shipping the order. If the ordered material has already been shipped by the time the Ordering Officer requests a cancellation, then the return process described in section 4.3 will apply.

4.3 Returns

The Government may return regularly stocked items for full credit (defective or otherwise) up to 10 days after the date of delivery. Accepting returns after the 10-day period will be at the discretion of the contractor, unless there is a latent defect or other reasonable cause.

4.4 Restocking Fee

The contractor may apply a restocking fee to canceled or returned items if the items were ordered incorrectly by the Ordering Officer and the manufacturer requires a restocking fee.

5.0 INVOICE/PAYMENT PROCESS

5.1 Invoices

The contractor will provide a monthly summary invoice to the Contracting Officers Representative (COR) for each customer for all shipments made during that period. At a minimum, this report should include the delivery order number, order date, shipping/receipt date and the total cost of the order.

5.2 Payment

The primary payment method for this contract will be by Government Credit Card. When the DO is placed a FACSIMILE copy of the DO, using the appropriate Government form, will be sent to the vendor. The original DO will remain on file at the ordering activity for audit purposes. The Ordering Officer will issue the call number at the time of shipment. Payment shall in no way constitute final acceptance of the items ordered.

6.0 OTHER CONSIDERATIONS

6.1 Contractor Points of Contact (POC)

The contractor shall give written notice to the Contracting Officer, in advance, of any changes in the contractor's personnel (to include all relevant phone and fax numbers) responsible for providing the following:

- a. Contract coordination (liaison functions)
- b. Technical assistance (product specifications, functionality, etc.)
- c. Packing and shipping operations
- d. Billing and/or invoicing administration

6.2 Plant Access

The contractor shall, during normal business hours, grant to the Contracting Officer or their authorized representative, plant access to the contractor's facility in which work under this contract is being performed. The Government personnel must have complied with the visit planning and coordination requirements of FAR 42.402 prior to arranging the visit.

6.3 Pricing/Discount

The unit price listed on the vendor quote sheet will not be binding throughout the life of the contract and is only used for evaluation purposes. The unit price quoted (at the time the DO is issued) to the Government shall be as low or lower than those

quoted to the contractor's most favored customer for comparable quantities under similar terms and conditions. The price shall be FOB destination. When the Government orders quantities that enable the contractor to receive special manufacturer's discounts, the contractor shall pass those discounts on to the Government. When the contractor can obtain an item from more than one source, he agrees to provide the lowest priced item available that meets the quality specifications. See III - Contract Terms and Conditions - "Commerciality of Pricing".

6.3.1 Quality Specifications

The contractor will provide any documentation required by any FISC-SD customer which certifies the quality of material ordered, i.e. mill certification, chemical composition of material, or any certification of load or capacity testing. Demands for any warranty service rests solely on the contractor, not the contractor's supplier.

6.4 Efficiency Reports

The contractor shall provide the Contracting Officers Representative (COR) monthly summary reports to track the efficiency of the contract. The success measurements needed for the reports are;

- Monthly sales volume
- Number of requests received
- Number of requests filled
- Number of requests filled on-time
- Average number of days to fill the orders
- Or any other relevant metrics determined by the COR

The reports can be either mailed or faxed on company letter head or e-mailed directly to the COR. These reports should be received NLT 5 working days after the end of the month.